

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the matter of:)	
)	
Federal-State Joint Board on)	CC-96-45
Universal Service)	FCC 03-249
)	
)	

COMMENTS OF THE IOWA UTILITIES BOARD

On October 27, 2003, the Federal Communications Commission (FCC) released its *Order on Remand, and Further Notice of Proposed Rulemaking, and Memorandum Opinion and Order* in CC Docket No. 96-45. This document is in response to the decision of the United States Court of Appeals for the Tenth Circuit and the recommendations of the Federal-State Joint Board on Universal Service. The FCC modifies the high-cost universal service support mechanism for non-rural carriers and adopts measures to induce states to ensure reasonable comparability of rural and urban rates in areas served by non-rural carriers.

The FCC wants to encourage the States to achieve reasonably comparable rates through a modified rate review and expanded certification process. This would require each state to review annually its carriers' rates in rural, high-cost areas served by non-rural carriers. This review would be used to assess the comparability of these rural rates to urban rates nationwide. The states would then file a certification with the FCC stating whether its rural rates

are reasonably comparable to urban rates nationwide or explain why they are not.

The FCC states that it agrees with the Joint Board's recommendation that "...rates and services provided by all ETCs (eligible telecommunications carriers) should be included in the rate review process."¹ The FCC further states that the basic service rate template cannot necessarily be applied to the rates of competitive carriers as these rates generally are not regulated by the FCC or the states and do not always include the rate elements specified in the template. Finally, the FCC states that the approach it has proposed will provide states with appropriate flexibility for states to address competitively-provided services and alternative rate plans without requiring an attempt to fit non-conforming rates into the basic rate template.

Even with the flexibility of the proposed approach, it appears that section 54.316 of the rule will require that each state annually review the comparability of residential rates in rural areas of the state served by non-rural incumbent local exchange carriers to urban rates nationwide. This approach appears to require each state to review the rates of **all** ETCs. This will be difficult for Iowa to comply with, as Iowa has sixteen wireless carriers that have been granted ETC status. These carriers are not regulated in Iowa and do not file tariffs with the Board. Iowa asks the FCC to clarify how States can review the rates of entities that are not required to file tariffs.

The difficulty with the rate review does not end when the state obtains the rates of these wireless carriers. These carriers, as well as other carriers, are

offering bundled services. One can only look at the newspapers and see what these carriers are offering. Often, the bundled service is a bucket of anytime minutes used for both local and long distance calling and several special features all for one price. Several carriers are offering only bundled services and not the traditional basic local service plan. Iowa asks the FCC to provide guidance as to how to disaggregate or allocate these bundled rates or if the entire bundle would need to fall within the safe harbor.

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Respectfully submitted,

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¹ Order at Paragraph 88.